

Message Text

CONFIDENTIAL

PAGE 01 NDJAME 00184 261202Z

10/61

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 SP-02 INR-05 EB-03

EUR-08 L-01 PRS-01 H-01 OES-02 SAM-01 /048 W

----- 031609

R 240850Z JAN 75

FM AMEMBASSY NDJAMENA

TO SECSTATE WASHDC 0852

INFO AMEMBASSY BANGUI

AMEMBASSY LONDON

AMEMBASSY NIAMEY

AMEMBASSY PARIS

AMEMBASSY YAOUNDE

C O N F I D E N T I A L NDJAMENA 00184

LIMDIS

C O R R E C T E D C O P Y (PARAGRAPH SIX)

E O 11652: GDS

TAGS: ENRG, EINV, CD

SUBJECT: CONOCO OPTIMISTIC REGARDING COMMERCIAL POSSIBILITIES

PETROLEUM IN CHAD

REF: NDJAMENA 3008 (NOTAL)

1. BEGIN SUMMARY: CONOCO:CHAD PRESIDENT ANDRE VOEGELI CALLED ON AMBASSADOR JAN .22 TO DISCUSS CURRENT STATE CONOCO EXPLORATIONS AND OTHER TOPICS MUTUAL INTEREST. HE EXPRESSED PERSONAL CONVICTION TH AT PETROLEUM IN COMMERCIAL QUANTITIES EXISTS IN CHAD AND THAT IT WILL EVENTUALLY BE DEVELOPED. TIMING AND SOURCE LARGE CAPITAL FUNDS REMAIN UNKNOWN, HOWEVER, SO THAT COMMENCEMENT COMMERCIAL EXPLOITATION WILL BE AT MINIMUM SEVERAL YEARS IN FUTURE AND AT AMXIMUM FIFTEEN YEARS OR MORE. END SUMMARY.

2. COMMERCIAL REQUIREMENTS; ACCORDING TO CONOCO:CHAD
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NDJAME 00184 261202Z

PRESIDENT VOEGELI, GEOLOGIC CORE SAMPLINGS IN CHAD ARE RICHEST

CONOCO HAS FOUND IN RECENT YEARS AFTER THOSE OF NORTH SEA. DISCOVERY PETROLEUM IN THREE WELLS OUT OF EIGHT EXPLORATORY WELLS IS GOOD SHOWING AND VOEGELI PERSONALLY CONVINCED THAT SOONER OR LATER SUFFICIENT RESOURCES OF COMMERCIAL QUALITY AND QUANTITY WILL BE FOUND IN CHAD, EITHER BY CONOCO OR BY POSSIBLE SUCCESSORS BUILDING UPON CONOCO DATA. VOEGELI ESTIMATES THAT PROVEN EXPLOITABLE RESERVES OF ONE BILLION BARRELS WILL BE REQUIRED TO MAKE COMMERCIALIZATION FEASIBLE, AND THAT LARGE OPERATION OF ABOUT 400,000 BARRELS PRODUCTION DAILY WILL BE REQUIRED TO OFFSET CAPITAL EXPENDITURES NECESSARY TO EXPORT FROM GEOGRAPHICALLY REMOTE CHAD. (CONOCO/US ESTIMATES 300,000 BARRELS.) TO DATE, VOEGELI ESTIMATES PROVEN RESERVES AT 200 MILLION BARRELS, 50 IN SOUTH AND 150 IN NORTH. THIS DOES NOT TAKE INTO ACCOUNT, HOWEVER, LATEST FIND IN NORTH NEAR RIG RIG FOR WHICH RESERVE ESTIMATES NOT YET FIRM. (INITIAL ESTIMATE CONOCO/US IS 300 MILLION.)

3. EARTH CAPITAL FUNDS IS IMMEDIATE AND FUTURE PROBLEM FOR CONOCO AND ITS ASSOCIATES. SHELL(50PER CENT) AND CHEVRON (25 PER CENT). VOEGELI OFFERED GUESTIMATE OF EXPENDITURES OF ABOUT 100 MILLION

DOLLARS REQUIRED OVER NEXT FIVE YEARS FOR EXPLORATION. (EXPENDITURES TO DATE TOTAL ABOUT 35 MILLION. EXPLOITATION, INCLUDING

PIPELINE, WILL REQUIRE UPWARDS ONE BILLION DOLLARS. VOEGELI STRESSED UNCERTAINTIES AND COMPETING INTEREST OF EXPLORATIONS IN OTHER PARTS OF WORLD ON PART COMPANIES, BUT FELT THAT POTENTIAL OF CHAD SUFFICIENTLY DEMONSTRATED THAT PARENT COMPANIES WOULD CONTINUE INVESTMENT.

4. TRANSPORT OF CRUDE WILL BE, OF COURSE, HIGHLY EXPENSIVE PROPOSITION. WHILE THEORETICALLY PIPELINE COULD BE CONSTRUCTED TO SEA VIA NIGERIA OR EVEN LIBYA, IN PRACTICE CAMEROON ONLY PRACTICAL ROUTE. VOEGELI STATES HE HAS URGED GOC PRESIDENT MALLOUM BEGIN THINKING ABOUT PIPELINE THROUGH CAMEROON AND POLITICAL AND ECONOMIC RAMIFICATIONS, AND TO ATTEMPT TO ESTABLISH BEST RELATIONS POSSIBLE IN FUTURE. (COMMENT: VOEGELI BELIEVES HIS REPRESENTATIONS TO GOC PRESIDENT MALLOUM MAY HAVE HAD ROLE IN FORTHCOMING VISIT MALLOUM TO CAMEROON.) VOEGELI ESTIMATES BASIS CURRENT PRICES THAT ROYALTY FEE TRANSIT CAMEROON OF ONE DOLLAR PER BARREL WOULD BE REASONABLE COST: HIGHER FIGURE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NDJAME 00184 261202Z

WOULD BE DIFFICULT. BENEFITS TO CAMEROON WOULD BE SIZABLE, INCLUDING NOT ONLY DOLLARS 400,000 DAILY ROYALTIES BUT CONSTRUCTION PIPELINE AND MAINTENANCE.

5. FUTURE POLITICAL UNCERTAINTIES ARE OF CONCERN TO VOEGELI BUT ON THE WHOLE HE RELATIVELY MORE OPTIMISTIC THAN HE HAS BEEN IN RECENT PAST. HE HAS, HE SAYS, NO REASON TO DOUBT ASSURANCES OF BOTH MALLOUM AND OTHER SENIOR OFFICIALS THAT HE AND CONOCO

RETAIN FULL CONFIDENCE OF GOC. AT SAME TIME HE BELIEVES HE HAS ESTABLISHED RELATIONS WITH SPECTRUM OF CHADIANS OF GEOGRAPHIC AND ETHNIC VARIETY SUFFICIENT TO INSURE THE LIKELIHOOD THAT HE AND CONOCO WILL HAVE GOOD RELATIONS WITH ANY FUTURE GOVERNMENT. AS NOTED REFTEL, VOEGELI HAS HAD DISCUSSIONS WITH GOC FOREIGN MINISTER KAMOUQUE, WHOM HE FINDS INTELLIGENT AND QUICK, AND WHO, VOEGELI FEELS, NOW HAS BETTER UNDERSTANDING REALITIES OF PETROLEUM EXPLORATION. VOEGELI MAINTAINS HIS PORTRAYAL PETROLEUM PROSPECTS TO GOC HAS BEEN ACCURATE AND FULL ALTHOUGH HE HAS ATTEMPTED DISCOURAGE UNDUE OPTIMISM, PARTICULARLY AS TO TIMING OF BEGINNING OF EXPLOITATION.

6. FRENCH INTERESTS: APPARENTLY IN PAST EIGHTEEN MONTHS QUESTION RAISED BY CONOCO ASSOCIATES OF DESIRABILITY ENLISTING FRENCH COMPANY IN CONSORTIUM. VOEGELI (WHO IS HIMSELF FRENCH NATIONAL) RECOMMENDED STRONGLY THAT THIS BE AVOIDED, BELIEVING THAT BENEFITS OF FRENCH EXPERIENCE IN CHAD WOULD BE MORE THAN OFFSET BY CYCLICAL NATURE FRANCE/CHADIAN RELATIONS AND IMPOSSIBILITY OF AVOIDING INTRODUCTION EXTENSIVE INFLUENCE POLITICAL RELATIONS INTO COMMERCIAL VENTURE. FRENCH GAVE APPROVAL UNDER PREVIOUS REGIME TO CONCESSION GIVEN TO AMERICAN FIRM FOR PETROLEUM EXPLOITATION IN BELIEF THAT COMMERCIAL DISCOVERY UNLIKELY. FRENCH NOW RECOGNIZE THAT THEY MISTAKEN, AND VOEGELI HAS MILD CONCERN THAT FRENCH MIGHT ATTEMPT TO USE CURRENT RENEGOTIATION OF AGREEMENTS COVERING FRANCO/CHADIAN RELATIONS TO PRESSURE CHADIANS INTO ALLOWING FRENCH COMPANY PLAY ROLE. ON BALANCE VOEGELI BELIEVES THIS UNLIKELY TO OCCUR (EMBASSY CONCURS OVER SHORT TERM FUTURE, BUT CONSIDERS FRENCH PRESSURE MIGHT WELL INCREASE ONCE COMMERCIAL RESERVES DISCOVERED.)

7. COMMENT: ABOVE SHOULD BE EVALUATED WITH CONSIDERATION THAT CONOCO/CHAD PRESIDENT HAS DEFINITE AXE TO GRIND. HIS FORTE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NDJAME 00184 261202Z

IS PROVEN ABILITY TO ACHIEVE GOOD PERSONAL RELATIONS WITH AND CONFIDENCE OF SENIOR CHADIANS. HE CANNOT THEREFORE DOUBT CONFIDENCE OF GOC IN CONOCO WITHOUT DENIGRATING HIS OWN PERFORMANCE. FOR OBVIOUS PERSONAL REASONS HE HAS AS WELL DEFINITE INTEREST IN SEEING CONOCO OPERATIONS CHAD CONTINUE. THUS SENIOR MANAGEMENT CONOCO AND ASSOCIATED COMPANIES MAY WELL FIND PROSPECTS CHAD LESS OPTIMISTIC THAN THOSE PAINTED BY VOEGELI. ON WHOLE, HOWEVER, EMBASSY HAS FOUND VOEGELI ASSESSMENTS WELL INFORMED AND ACCURATE IN PAST, AND IS THEREFORE IMPRESSED INCREASED OPTIMISM EXPRESSED BY VOEGELI. LITTLE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NDJAME00184
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: n/a
From: NDJAMENA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750120/aaaaarzi.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 NDJAMENA 3008 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by BoyleJA>; APPROVED <30 SEP 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONOCO OPTIMISTIC REGARDING COMMERCIAL POSSIBILITIES PETROLEUM IN CHAD
TAGS: ENRG, EINV, CD
To: SECSTATE WASHDC BANGUI LONDON NIAMEY PARIS YAOUNDE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006